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ABSTRACT

A 1980 study conducted at Virginia Polytechnic Institute and State University sought to determine if the student expense budgets used by the financial aid office were congruent with the actual costs reported by its students and whether the use of secondary sources and national expense averages was a reliable method to use in budget construction. Of the 1,025 expense budget questionnaires mailed to a sample of sophomore, junior, senior, and graduate students, 476 respondents from off-campus households were analyzed. It was found that the undergraduate nondirect budget items underestimated the student's cost in every category except miscellaneous expenses, which represented an overall underestimation of nondirect expenses by $439 or 16 percent. Furthermore, this disparity was greater for undergraduate students than for graduate students. A list of undergraduate and graduate monthly expenses for the following 13 items is included: housing, utilities, food, household supplies, medical insurance, medical and dental, clothing, entertainment, car insurance, car payment, car gas and oil, car maintenance, books and supplies. It is concluded that the indirect costs of attending a particular college may be different from those obtained from national and state averages. It is suggested that additional research is needed on student households including more than one member. A bibliography is appended. (SW)

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AN EXAMINATION OF NON-DIRECT STUDENT EXPENSES AT A PUBLIC UNIVERSITY

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Running Head: An Examination of Non-Direct Student Expenses

Abstract

The purpose of this study was to determine (a) if the student expense budgets used by the financial aid office at a public land grant university were congruent with the actual costs reported by its students and (b) whether the use of secondary sources and national expense averages was a reliable method to use in budget construction. Results indicated that at this particular university, the student reported costs were more than those obtained from other sources. Furthermore, this disparity was greater for undergraduate students than graduate students.

An Examination of Non-Direct Student Expenses at a Public University

The accurate identification of the cost of students attending a particular institution should be a goal of any financial aid officer. However, as several researchers have noted, "the problem of determining levels of expenditures for college costs by students continues to be a vexing one for the student financial aid community" (Maxey, Fenske, & Boyd, 1979, p. 23).

While the expense composition of any institution's student budget is the basic foundation for making financial awards, many colleges have remained dependent upon national or state data to estimate and construct their student budgets. This method of budget construction has often been incorrect since the expressed state/national averages often are mistaken for the actual cost occurring within a particular college community. Because of the varying geographic expenses that occur within a specific college population, significant expenses are often overlooked. The utilization of these inaccurate data has resulted in many administrators being unresponsive to the needs of the students whom they serve.

At the National Student Expense Budget Conference held

in Missouri in 1977, various administrators attempted to look at the problem of estimating expense budgets. While no specific guidelines were given for the actual construction of the budgets, the participants did emphasize that "some systematic research is essential in establishing accurate and adequate student budgets for financial aid recipients" (Clark, 1977, p. 87). Furthermore, the participants stressed that student budget research was not only necessary, but it remained a fundamental part of the correct administration of federal, state, and institutional funds.

A review of the literature indicates that few institutions or state and national commissions have conducted surveys of student expenditures to determine the varying costs of attending postsecondary institutions. While Maxey, Fenske, and Boyd (1979) stated that it could be assumed that many institutions have conducted surveys of expenditures by their students, they also stressed that this assumption "remains undocumented since very few are cited or published in the research literature of the field" (p. 24).

Dean, Bradshaw, and Litkowki (1977), operating under a federal contract, consolidated and collated data gathered from four private and public data collection sources to identify approximate national student expenditures. While this tremendous task of consolidating these costs for

comparison is commendable, the results reflected national expenditures rather than costs incurred within a specific locale.

The Illinois State Scholarship Commission, in a 1976-77 survey, derived median college expenditures in 11 areas for students attending private and public colleges in Illinois (Maxey et al., 1979). Although this research is a valuable addition to the current literature, the results of this study reflect a general statewide expenditure purview.

Only four documented surveys of expenditures by students attending a specific institution could be found by the authors in the last 14 years. Out of these four studies, three were conducted at the University of Minnesota where the "out-of-pocket expenditures" of students attending this university were examined (Comstock, 1970; Hendricks & Skinner, 1975; Stecklein, Fenske, & Haung, 1967).

The most recent research to be documented was conducted by Bhella (1979) at Iowa State University to determine local expenses. Since Bhella only surveyed students receiving financial aid, she recommended that future research include both non-aid and aid recipients to derive more accurate data.

A review of the literature clearly shows a need for the aid administrator to determine realistic student budgets.

Current research supports the ideas presented in 1974 by the Midwest Association of Student Financial Aid Administrators that a "realistic student budget should reflect educational cost accurately, serve as devices for administering aid efficiently and responsibly, and insure equity among members of defined groups" (MASFAA-USOE Conference Report, 1978).

Purpose of Study

Virginia Polytechnic Institute and State University (VPI&SU) is a comprehensive land grant university with a 1980 fall enrollment of 21,069 students (17,886 undergraduates, 3,119 graduates, and 64 professionals). Facilities for on campus housing are limited to a maximum of 8,948 students, which results in the remainder of the students having to seek housing off campus.

Since approximately 85% of the student body is not married, the primary purpose of this study was to give aid administrators at the university non-direct expense data in order to review the single student budgets and adjust, if necessary, to reflect actual costs in the financial needs of these populations. For the purposes of this study, non-direct expenses are those costs for which the university does not bill the student (rent, clothing, transportation, etc.). Tuition and fees are known variables at this institution, and their actual costs are utilized in each student's budget.

As a result, these variables were not explored in this study.

As secondary sources were mainly used to construct previous student budgets, a second objective was to compare the local survey data against these findings. A final objective was to encourage VPI&SU and other institutions to conduct future periodic research in order to more accurately determine the needs of their student populations.

Sample Technique

In November, 1980, 1,025 expense budget questionnaires were mailed out to a systematic, randomized off campus sample of sophomore, junior, senior, and graduate students attending VPI&SU. Freshmen students were excluded since the university requires entering first year students to live in dormitories on campus unless exempted for special reasons. A cover letter explaining the need and purpose of the questionnaire was attached along with a stamped, self-addressed envelope.

A total of 547, or 53%, of the questionnaires were returned. However, of these 547, only 476, or 46% were respondents of single, off campus households. Seventy, or 13%, of the questionnaires received were from households with more than one member. Since the sample sizes in these categories are too small to produce meaningful results, they are not discussed further in this article. Table 1

shows the distribution of returned questionnaires used for analysis in this project.

Table 1

Characteristics of Single Respondents

Characteristic	Undergraduate Responses		Graduate Responses	
	Number	Percent	Number	Percent
On Aid	192	48	44	59
Not on Aid	209	52	31	41
Total	401	100	75	100
Female	160	40	28	37
Male	241	60	47	63
Total	401	100	75	100

Results

Data collected from all categories demonstrated a wide variation in the distribution of costs for all budget items. As a result of the variation in reported costs, the median was used as the measure of central tendency rather than the mean. Students listed their monthly expenses for the 13

items shown in Table 2. This table also shows the range of responses and the median cost obtained for each item.

In order to compare the students' responses with the

Table 2

Reported Single Student Expenditures

Monthly Expense Item	Undergraduate (N = 401) Median	Range	Graduate (N = 75) Median	Range
1. Housing	$100	0 to $340	$135	40 to $520
2. Utilities	35	0 to 157	44	9 to 140
3. Food	82	0 to 300	100	15 to 300
4. Household Supplies	10	0 to 50	11	0 to 80
5. Medical Insurance	0	0 to 43	10	0 to 60
6. Medical and Dental	0	0 to 150	5	0 to 126
7. Clothing	10	0 to 150	18	0 to 150
8. Entertainment	30	0 to 200	25	0 to 250
9. Car Insurance	10	0 to 125	20	0 to 78
10. Car Payment	0	0 to 300	0	0 to 188
11. Car Gas and Oil	30	0 to 120	30	0 to 220
12. Car Maintenance	7	0 to 60	10	0 to 50
13. Books and Supplies*	31	10 to 72	31	10 to 87

*Regular academic year book and supply costs were obtained from closed ended questions. These nine month results were divided by 9 and rounded to the nearest dollar to obtain monthly costs.

previous estimates used for budget construction, the items listed in Table 2 were collapsed in the following manner:

Room and Board is equivalent to Housing, Food, Utilities, and Household Supplies

Miscellaneous is equivalent to Clothing, Recreational, and Medical Expenses

Transportation is equivalent to Car Insurance, Payments, Gas and Oil, and Maintenance

Books is equivalent to Books and Supplies

A comparison between the standard single undergraduate expense budgets and the median amounts derived from the survey is shown in Table 3. This comparison reveals that the standard undergraduate non-direct budget items underestimated the student's cost in every category except miscellaneous expenses. This represented an overall underestimation of undergraduate non-direct expenses by $439 or 16%.

Table 3 also shows a $283 differential for graduate students between the non-direct budget items and the costs obtained from the survey. This 8% disparity indicates that the standard graduate non-direct budget was more realistic than the one prepared for the undergraduate population. While the standard graduate costs for books exceeded the

Table 3

Single Student Budget Figures for Nine Months

Expense Item	Single Undergraduate Students				Single Graduate Students			
	Survey Findings	Office Standard	Dollar Difference	Percent Difference	Survey Findings	Office Standard	Dollar Difference	Percent Difference
Room and Board	$2,043	$1,626	- 417	- 26	$2,610	$2,298	- 312	- 14
Miscellaneous	360	450	+ 90	+ 20	522	500	- 22	- 4
Transportation	423	350	- 73	- 21	540	450	- 90	- 20
Books	279	240	- 39	- 16	279	420	+ 141	+ 34
Total	$3,105	$2,666	-$439	- 16%	$3,951	$3,668	-$283	- 8%

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survey findings by 34%, the survey revealed that the university had underestimated the costs for the remaining categories between 4% and 20%.

The results of the data indicate that there were significant discrepancies between the non-direct expense items obtained from the survey and the expenses derived primarily from secondary sources. These discrepancies in cost appeared to be greater for the undergraduate population than the graduate population.

Discussion

Table II shows that graduate students reported higher costs for food and housing items. This was not an unexpected finding since it is believed that most of the undergraduates were previously enrolled at the university and had acquired friends with whom they could share housing and food costs. On the other hand, many of the graduate students had recently moved to the area and incurred these costs by themselves.

However, two findings in this study were surprising. First, both undergraduate and graduate students listed very modest medical expenses for the academic year. A possible explanation is that VPI&SU operates a well staffed infirmary that is funded by a health center fee that is mandatory for all full-time students. In addition, it appears that students

acquire many of their medical and dental expenses during the summer months in their home areas at the expense of their parents.

Second, the median reported cost for car payments was 0 for both graduate and undergraduate students. Ninety-one percent of the undergraduate and 75% of the graduate students reported not having a car payment. The implications are that students do not drive cars (which is not supported visually), or that students drive vehicles that are completely paid for or financed by someone else.

Conclusions and Recommendations

The results of this study suggest that the indirect costs of attending a particular college may be different from those obtained from national and state averages. Currently, student expense budgets are not only under the scrutiny of students and college officials, but are also subject to more rigorous governmental examination. Unless additional research is conducted in this area, the credibility of financial aid administrators and the budgets they use to make awards are subject to dispute.

Additional research needs to be conducted on student households including more than one member. Chickering (1974) and Cross (1971) both indicate that more non-traditional

students are returning to school and with them come larger households and additional costs. As a result, it becomes imperative that the financial aid administrator becomes more attuned to their needs.

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